

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)

REGINALD ST. ROSE)

Former Officer of)
CARVER FEDERAL SAVINGS BANK)
NEW YORK, NEW YORK)
(OTS Docket No. 05273))

Order No. : NE01-06

Date: June 26, 2001

**STIPULATION AND CONSENT TO THE ISSUANCE OF AN
ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF**

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed Reginald St. Rose ("St. Rose") who at all relevant times was an officer and employee of Carver Federal Savings Bank, New York, New York ("Carver Federal") that grounds exist to initiate an administrative cease and desist proceeding against him pursuant to 12 U.S.C. § 1818(b);¹ and

WHEREAS, St. Rose desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding and, without admitting or denying that such grounds exist, or the Findings of Fact or opinions and conclusions of the OTS, except

¹ All references to the United States Code ("U.S.C.") are as amended.

as to Jurisdiction (paragraph 1, below), which is admitted, hereby stipulates and agrees to the following:

1. Jurisdiction. (a) Carver Federal Savings Bank is a "savings association" within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, it is an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c); and

(b) St. Rose as a former officer and employee of Carver Federal, is deemed to be an "institution-affiliated party" as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years of the date hereof (see 12 U.S.C. § 1818(i)(3)).

(c) Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal Banking agency" to maintain an administrative cease and desist proceeding against such a savings association or its institution-affiliated parties. Therefore, St. Rose is subject to the jurisdiction of the OTS to initiate and maintain a cease and desist proceeding against him pursuant to 12 U.S.C. § 1818(b). The Director of the OTS has delegated to the Regional Director of the Northeast Region of the OTS or his designee ("Regional Director") the authority to issue cease and desist orders where the individual has consented to issuance of such an order.

2. OTS Findings of Fact. The OTS finds that:

(a) On or about May 1997 until early 1999, while serving as Managing Officer of CFSB, a wholly-owned subsidiary of Carver Federal, St. Rose failed to perform proper due diligence in connection with selecting the auto dealers with whom he arranged for CFSB to conduct an indirect auto lending business.

(b) Further, St. Rose failed to ensure proper underwriting of the credit histories and employment status of many of the borrowers who purchased autos from the dealers and financed the purchase of those automobiles through CFSB. Despite the lack of proper underwriting, St. Rose approved auto loans for many of those borrowers.

(c) In addition, St. Rose authorized several auto loans for in excess of 80% of the value of the autos serving as collateral for the loans, in violation of written CFSB policy.

(d) As a result of St. Rose's actions described above, Carver Federal suffered losses of several hundred thousand dollars on auto loans approved by St. Rose.

(e) St. Rose's actions constituted unsafe and unsound practices in violation of 18 U.S.C. § 1818(b).

3. Consent. St. Rose consents to the issuance by the OTS of the accompanying Consent Order to Cease and Desist For Affirmative Relief ("Order"). St. Rose further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under 12 U.S.C. § 1818(b). Upon its issuance by the OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

5. Waivers. St. Rose waives the following:

(a) the right to be served with a written notice of the OTS's charges against him as provided by 12 U.S.C. § 1818(b);

(b) the right to an administrative hearing of the OTS's charges against him as provided by 12 U.S.C. § 1818(b);

(c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order;

(d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412;

and

6. Indemnification. St. Rose represents that he has not received, directly or indirectly, any sums from Carver Federal for the purpose of indemnifying or reimbursing him for any

expenses incurred by him in connection with the OTS investigation. St. Rose shall neither cause nor permit Carver Federal (or any successor institution, holding company, subsidiary or service corporation thereof) to incur, directly or indirectly, any expense for any legal or other professional services rendered to St. Rose relative to the negotiation and issuance of the Order, nor obtain any indemnification (or other reimbursement) from Carver Federal (or any successor institution, holding company, subsidiary or service corporation thereof) with respect to such expenses. In the event that any such payments are received by or on behalf of St. Rose in connection with this action, St. Rose agrees promptly to notify the OTS of the receipt of such payments and to return such payments without delay to Carver Federal (or the successor institution, holding company, subsidiary or service corporation thereof).

7. Other Governmental Actions Not Affected. St. Rose acknowledges and agrees that the consent to the issuance of the Order is for the purpose of resolving this OTS enforcement matter only as it applies to him and his actions involving the CFSB auto lending program and does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any other actions, charges against, or liability of St. Rose that arise pursuant to this action or otherwise and that may be or have been brought by the OTS or another governmental entity.

8. Agreement for Continuing Cooperation. St. Rose agrees that, at the OTS's written request, on reasonable notice and without service of a subpoena, he will provide discovery and testify truthfully at any deposition or at any judicial or administrative proceeding related to any investigation, litigation, or other proceeding maintained by the OTS relating to Carver Federal, its holding company, service corporations or subsidiaries or its institution-affiliated parties, except that St. Rose does not waive any privilege against self-incrimination under the Fifth Amendment of the United States Constitution or any attorney-client privilege. If St. Rose invokes his privilege against self-incrimination under the Fifth Amendment of the United States Constitution and the OTS obtains a grant of immunity pursuant to 18 U.S.C. § 6001 et seq., St. Rose agrees, consistent with any such grant of immunity, to provide discovery and testify truthfully at any deposition and at any judicial, administrative, or investigative proceeding on the matter for which immunity is given.

9. Miscellaneous. (a) The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America;

(b) All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors or successors;

(c) The section and paragraph headings in this Stipulation and the Order are for convenience only, and such headings shall not affect the interpretation of this Stipulation or the Order;

(d) The terms of this Stipulation and the Order represent the final written agreement of the parties with respect to the subject matter hereof, and constitute the sole agreement of the parties with respect to such subject matter; and


(e) This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Director, Regional Director, or other authorized representative.


WHEREFORE, Reginald St. Rose, executes this Stipulation and Consent to the Issuance of an Order to Cease and Desist For Affirmative Relief, intending to be legally bound hereby.

Accepted by:

OFFICE OF THRIFT SUPERVISION

By:


Reginald St. Rose


Robert C. Albanese
Regional Director
10 Exchange Place
18th Floor
Jersey City, NJ

Dated: 6/8/01

Dated: 6/26/01

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Order No.: NE01-06

Date: June 26, 2001

**CONSENT ORDER TO
CEASE AND DESIST FOR AFFIRMATIVE RELIEF**

WHEREAS, Reginald St. Rose ("St. Rose") has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist for Affirmative Relief ("Stipulation"); and

WHEREAS, St. Rose, by his execution of the Stipulation, has consented and agreed to the issuance of this Consent Order to Cease and Desist for Affirmative Relief ("Order") pursuant to 12 U.S.C. § 1818(b).¹

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Directors of the OTS the authority to issue Orders to Cease and Desist for Affirmative Relief on behalf of the OTS where the institution-affiliated

¹All references to the United States Code ("U.S.C.") are as amended.

party who is the subject of the Order has consented to the issuance of the Order.

NOW THEREFORE, IT IS ORDERED pursuant to 12 U.S.C. § 1818(b) that:

1. Reginald St. Rose shall not, without the prior written approval of the Regional Director of the Northeast Region of the OTS (or, if the institution is not regulated by the OTS, without the prior approval of an appropriate senior official of the appropriate Federal banking agency), accept any position as officer, director or other institution-affiliated party with any insured depository institution, or any other institution listed under 12 U.S.C. § 1818(e)(7)(A), if such position involves direct participation in or oversight of any phase of such institution's lending or credit-granting in any form or manner.

2. (a) If St. Rose seeks or is offered a position, as that described in Paragraph 1 above, he shall at the earliest practicable opportunity, and in any event at least fourteen (14) days before he intends to undertake the intended employment or appointment, provide written notice of such intended employment to: (i) the Regional Director of the OTS's Northeast Regional Office at 10 Exchange Place, Jersey City, New Jersey; and (ii) the Regional Director of the Federal Deposit Insurance Corporation. St. Rose shall include the following information in such written notice: (i) the name and mailing address of the insured depository institution, or other institution listed under

12 U.S.C. § 1818(e)(7)(A), that may or intends to hire or appoint him; (ii) his intended title and position description at the hiring institution (including name of department, office, or branch where his work will be conducted); (iii) the name, address and telephone number of the person who is the supervisor at the department, office or branch; and (iv) a reference to this Order.

(b) Also in connection with any position as that described in Paragraph 1 above, sought by or offered to Reginald St. Rose, he shall provide a copy of this Order and the accompanying Stipulation to such insured depository institution, or other institution listed under 12 U.S.C. § 1818(e)(7)(A), prior to accepting such appointment or position.

(c) Reginald St. Rose will not take such sought or offered position unless and until he receives the written approval discussed in Paragraph 1 above.


3. The Stipulation is made a part hereof and is incorporated herein by reference.

4. St. Rose shall promptly respond to any request from the OTS for documents or information (subject to the provisions of paragraph 7 of the Stipulation) that the OTS reasonably requests to demonstrate compliance with this Order.

5. This Order is and shall become effective on the date it is issued, as shown in the caption hereof. The Stipulation and the Order shall remain in effect until terminated, modified or

suspended, in writing by the OTS, acting through its Director,
Regional Director or other authorized representative.

OFFICE OF THRIFT SUPERVISION

By: 
Robert C. Albanese
Regional Director
Northeast Region